

Senate Study Bill 1113

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
AGRICULTURE BILL BY
CHAIRPERSON FRAISE)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the grain depositors and sellers indemnity
2 fund.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 1171XC 83
5 da/nh/14

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1 1 Section 1. Section 203D.5, subsection 2, Code 2009, is
1 2 amended to read as follows:
1 3 2. If, at the end of any three-month period, the assets of
1 4 the fund exceed ~~six~~ twelve million dollars, less any
1 5 encumbered balances or pending or unsettled claims, the
1 6 per-bushel fee required under section 203D.3, subsection 2,
1 7 and the dealer-warehouse fee required under section 203D.3,
1 8 subsection 3, shall be waived and the fees are not assessable
1 9 or owing. The board shall reinstate the fees if the assets of
1 10 the fund, less any unencumbered balances or pending or
1 11 unsettled claims, are ~~three six~~ million dollars or less.

1 12 Sec. 2. Section 203D.6, subsection 7, Code 2009, is
1 13 amended to read as follows:

1 14 7. PAYMENT OF CLAIMS. Upon a determination that the claim
1 15 is eligible for payment, the board shall provide for payment
1 16 of ninety percent of the loss, as determined under subsection
1 17 4, but not more than ~~one three~~ three hundred ~~fifty~~ thousand dollars
1 18 per claimant. If at any time the board determines that there
1 19 are insufficient funds to make payment of all claims, the
1 20 board may order that payment be deferred on specified claims.
1 21 The department, upon the board's instruction, shall hold those
1 22 claims for payment until the board determines that the fund
1 23 again contains sufficient assets.

1 24 EXPLANATION

1 25 BACKGROUND. This bill amends Code chapter 203D which
1 26 establishes the grain depositors and sellers indemnity fund
1 27 for use in indemnifying a "depositor" who has stored grain
1 28 with a warehouse operator licensed in this state, for losses
1 29 resulting from the depositor's right to receive possession of
1 30 the grain, and a "seller" who is a producer selling grain to a
1 31 grain dealer, for losses resulting from a failure to receive
1 32 payment for that grain. The fund is administered by the Iowa
1 33 grain indemnity fund board, and grain dealers and warehouse
1 34 operators are regulated by the department of agriculture and
1 35 land stewardship.

2 1 The fund is supported by the following fees: (1) a
2 2 dealer-warehouse fee which is a fixed amount imposed upon
2 3 licensed grain dealers and warehouse operators (for grain
2 4 dealers an amount based on whether they hold a class 1 or
2 5 class 2 license, and for warehouse operators an amount based
2 6 on warehouse storage capacity), and (2) a per-bushel fee
2 7 imposed on "purchased grain", which is grain sold to a grain
2 8 dealer by a seller, remitted by the grain dealer to the
2 9 department, and allowed to be passed through to the seller.

2 10 The board is provided discretion in its administration of
2 11 the fund. It may suspend ("waive") the assessment of the
2 12 dealer-warehouse fee or the per-bushel fee, if the
2 13 unencumbered balance of the fund (less pending claims) is more
2 14 than \$3 million. Conversely, the fees are automatically
2 15 waived once the balance exceeds \$6 million.

2 16 A person who timely files an eligible claim with the board
2 17 is entitled to receive 90 percent of a loss with a maximum
2 18 payout of \$150,000.

2 19 BILL'S PROVISIONS. The balance in the fund required to
2 20 automatically waive the assessment of the dealer=warehouse fee
2 21 and the per=bushel fee, is increased from \$6 million to \$12
2 22 million. The balance in the fund required to automatically
2 23 reinstate the fees is increased from \$3 million to \$6 million.
2 24 The amount of the maximum payout for a loss by an eligible
2 25 claimant is increased from \$150,000 to \$300,000.
2 26 LSB 1171XC 83
2 27 da/nh/14.2